

**ASSEMBLY BILL**

**No. 1078**

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**Introduced by Assembly Member Lieber  
(Coauthor: Assembly Member Swanson)**

February 23, 2007

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An act to add Section 11265.1 to the Welfare and Institutions Code, relating to earned income credit.

LEGISLATIVE COUNSEL'S DIGEST

AB 1078, as introduced, Lieber. Earned income tax credit: CalWORKs.

Federal income tax laws allow a refundable federal Earned Income Tax Credit (EITC) for low-income individuals that meet specified requirements.

This bill would provide that any income derived by an individual from the EITC shall not affect eligibility under specified provisions relating to CalWORKs, as provided. This bill would require the State Department of Social Services to develop guidelines that may be adopted by counties relating to the EITC, as specified. This bill would make legislative findings and declarations in connection therewith.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. This act shall be known and may be cited as the
- 2 "Working Families Credit."
- 3 SEC. 2. The Legislature declares its intent to enact legislation
- 4 that would:

1 (a) Require state entities to design a program to supplement the  
2 federal Earned Income Tax Credit (EITC) and take maximum  
3 advantage of the benefits provided for eligible recipients by  
4 increasing their earned income.

5 (b) Increase the amount of federal EITC dollars to which  
6 California residents are entitled by ensuring each potential EITC  
7 beneficiary earns an amount of earned income equal to or greater  
8 to the plateau range within the federal EITC structure.

9 (c) Develop state policies aimed at increasing the earned income  
10 within the meaning of the Internal Revenue Code, for California  
11 residents.

12 (d) Identify individuals and families within the phase-in range  
13 of the federal EITC.

14 SEC. 3. Section 11265.1 is added to the Welfare and  
15 Institutions Code, to read:

16 11265.1. (a) Any income derived by an individual from the  
17 federal earned income credit shall not affect the eligibility of that  
18 individual with respect to any benefits provided under this part.

19 (b) The State Department of Social Services shall develop  
20 guidelines that may be adopted by counties within existing  
21 programs such as CalWORKs' community service plans so that  
22 payments made to beneficiaries will qualify for the earned income  
23 tax credit.